

April 21, 2006

Maine Milk Commission Special Meeting Minutes
Deering Building, Room 233
Augusta, Maine 04333

Notices for the April 21, 2006 meeting were distributed to Commission members, intervenors and other interested parties March 21, 2006 and sent to the Secretary of State's Office for posting on March 21, 2006.

Commission Present: Chair, Michael Wiers, Katherine O. Musgrave and Shelley Doak *ex-officio*.

Commission Absent: John Joseph, Jr. and Colon Durrell

Department Officials: Agriculture Commissioner Seth Bradstreet III

Staff Present: Stanley Millay, Executive Director, and Carol Gauthier clerical assistant

Legal Counsel: Lucinda White, Assistant Attorney General not present

Intervenors Present: John Blake, H.P. Hood, Inc., Thomas Brigham, Oakhurst Dairy and John Economy from Garelick Farms of Maine.

Others Present: Dale Cole, and Julie-Marie Bickford from the Maine Dairy Industry Association (MDIA) and Roy Crane, dairy farmer from Hodgdon.

Meeting called to order at 2:15 P.M. by chair, Michael Wiers.

Agenda Item 1: Minutes: Katherine Musgrave made a motion to accept the minutes of the March 17, 2006. Shelley Doak seconded. Motion passed 3-0.

Agenda Item 2: Lucinda White, Assistant Attorney General: No report.

Agenda Item 3: Minimum Prices: The prevailing premium is \$1.10/cwt on Class I for May 2006 reported by Dairy Marketing Services (DMS). Agri-Mark Cooperative reported \$0.90/cwt on Class I outside of Maine but reported that they continue charging their Maine customers \$1.10/cwt.

There is a Farm Bill Counter Cyclical Payment (MILC) for May 2006 of \$0.9248. Congress has reauthorized the MILC program at a reduced rate: (34% of \$16.94 minus the Class I Price).

Julie-Marie Bickford told the Commission that fuel prices were increasing and putting a bigger burden on dairy farms. Dale Cole pointed out that planting season was coming up and energy price increases were pushing dairy farmer costs higher as a result.

Roy Crane informed the Commission that he believed milk payments to dairy farmers needed to be \$19 to \$20/cwt in order to keep them viable. Dale Cole informed the Commission that a recent National Agricultural Statistics Service (NASS) survey placed the cost of producing milk in New England at over \$20/cwt.

Shelley Doak made a motion to adopt price schedule #05-06 as presented with a \$14.22/cwt Class I Price, plus \$0.89/cwt as a cost of production adjustment, plus \$1.10/cwt as prevailing in Southern New England, plus \$1.40/cwt for a handling fee and plus a \$0.20/cwt processor assessment, for a total dealer Class I cost of

\$17.81/cwt. Katherine Musgrave seconded. Dale Cole urged the Commission to consider increasing the producer cost of production adjustment. He stated that the failed Federal pricing structure is putting Maine farms at risk. The Commission voted 2-1 in favor of the motion with Katherine Musgrave voting against. Katherine Musgrave then made a motion to change schedule #05-06 by increasing the Producer Cost of Production Adjustment from \$0.89/cwt to \$0.95/cwt. Shelley Doak seconded.

John Blake asked the Commission to consider the impact on processors of increasing their costs. He said that there already existed a large difference in prices between Maine, New Hampshire and Massachusetts. John Economy agreed, saying that higher costs of production adjustments put Maine processors at risk.

Tom Brigham stated that there was no science behind increasing the cost of production adjustment and that he would like to see the Commission use the costing model to make adjustments instead of just grabbing a number arbitrarily. Katherine Musgrave stated that she believed an increase in the adjustment was justified based on the increases in fuel prices.

John Economy pointed out that fuel prices have moved both up and down and wondered whether or not the cost of production adjustment might be out of step with the cost of production model. Motion passed 3-0. This action moved the final dealer cost from \$17.81/cwt to \$17.87/cwt.

Agenda Item 4: Maine Monthly Price Survey: The Commission reviewed the Maine price survey for April 2006 which included prices for Augusta and Bangor.

Agenda Item 5: Next Scheduled Meetings:

- May 19, 2006, Friday 2:00 p.m.
Room 233, Department of Agriculture, Food & Rural Resources
Augusta, Maine
- June 23, 2006, Friday 1:30 p.m.
Room 233, Department of Agriculture, Food & Rural Resources
Augusta, Maine
- July 21, 2006, Friday 1:30 p.m.
Room 233, Department of Agriculture, Food & Rural Resources
Augusta, Maine
- August 21, 2006, Monday 10:00 a.m.
Room 233, Department of Agriculture, Food & Rural Resources
Augusta, Maine
- September 22, 2006, Friday 1:30 p.m.
Room 233, Department of Agriculture, Food & Rural Resources
Augusta, Maine

Agenda Item 6: Other:

1. **Milk Commission Budget:** The Commission Reviewed income and expenditures.
2. **Dealer Margins Producer Margins:** Stan Millay reported that Dr. Timothy Dalton would be up-dating the Commission at the May meeting on these pricing models.

Agenda Item 7: Executive Session: The Commission did not go into Executive Session

Meeting Adjourned: 3:00 P.M.

Stanley Millay, Executive Director, Maine Milk Commission.